



## 1997 SMALL BUSINESS PROFILE

### SMALL BUSINESS: BACKBONE OF THE NORTH CAROLINA ECONOMY

The importance of small business to the state of North Carolina is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

**Number of Businesses** - In 1996, North Carolina had 154,759 businesses with employees; 98.0 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 249,000 self-employed persons in 1996, for an estimated total of 403,759 businesses.

**Small Business Income** - The income of sole proprietors and partners rose 6.7 percent to \$10.2 billion in 1996, while wage-and-salary income rose 6.3 percent. Total personal income rose 6.3 percent to \$106.3 billion. The state also exported \$11.6 billion of goods in 1996.

**Minority Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 197,700 women-owned businesses in North Carolina, including part-time firms, employing 236,200 people and generating \$50.0 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 94.3 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 50.0 percent from 1987 to 1992, totaling 29,221 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 205.2 percent during the same time period with 2,802 firms in 1992. There has also been an increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 3,827 in 1987, to 6,155 in 1992, representing a 60.8 percent increase.

**Business Turnover** - The number of new firms increased 1.0 percent, while new business incorporations increased 11.5 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 3.2 percent and business failures increased by 8.2 percent during 1996.

**Finance** - An SBA Office of Advocacy study found that the number of banks in North Carolina decreased from 69 in 1994 to 58 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
BANK OF CURRITUCK	Moyock
YADKIN VALLEY B&TC	Elkin
BANK OF GRANITE	Granite Falls
FOUR OAKS B&TC	Four Oaks
CITIZENS BK	Murphy
TRIANGLE BK	Raleigh
FIRST-CITIZENS B&TC	Raleigh
BRANCH BKG&TC	Winston-Salem

**Job Growth** - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 68.9 percent of the small business growth with 205,912 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	131,080	74,832	51,928	41,027	(74,481)	224,386
Manufacturing	3,279	5,583	5,717	(92)	(64,210)	(49,722)
Retail Trade	25,011	10,012	13,609	2,067	(9,105)	41,594
Services	68,957	41,466	27,409	34,593	(9,862)	162,562
Other	33,832	17,772	5,193	4,458	8,696	69,951

**Industries** - The composition of small business in North Carolina is very diverse. The Eating & Drinking Places industry is the largest small business employer in North Carolina, followed Health Services. The fastest growing industry for small business is Rubber & Miscellaneous Plastics Products (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in North Carolina by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	2,854,429	100.0	47.9
Health Services	8000	261,580	9.2	39.4
Eating & Drinking Places	5800	198,439	7.0	60.6
Textile Mill Products	2200	198,239	6.9	22.7
Business Services	7300	152,000	5.3	49.9
Wholesale Trade - Durable Goods	5000	97,204	3.4	76.1

Table 2, Top Five Small Business Industries in North Carolina by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	1,367,441	100.0	47.9
Eating & Drinking Places	5800	120,282	7.0	60.6
Health Services	8000	103,076	9.2	39.4
Special Trade Contractors	1700	88,831	3.2	96.0
Business Services	7300	75,826	5.3	49.9
Wholesale Trade - Durable Goods	5000	74,020	3.4	76.1

Table 3, Fastest Growing Industries for Small Business in North Carolina, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	1,327,981	1,367,441	39,460	3.0
Rubber & Miscellaneous Plastics Products	10,935	12,229	1,294	11.8
Transportation Services	4,131	4,578	447	10.8
Building Construction	32,723	35,852	3,129	9.6
Automotive Repair, Services, & Parking	17,757	19,390	1,633	9.2
Electronic & Electrical Equipment & Components Except Computer	7,499	8,171	672	9.0

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.